



## Media Release

1 June 2012

### **NZ's post-GFC businesses fitter, faster, better**

*Major survey reveals red tape, balancing family and finding skilled staff are key issues for NZ business.*

New Zealand's most in-depth business survey has found that Kiwi companies have emerged from the Global Financial Crisis fitter, faster and better able to take advantage of a growing economy.

"The GFC really put Kiwi businesses through the mill. Most have come out the other side leaner, tighter and more focused," says ANZ Managing Director, Commercial & Agri, Graham Turley. "They have adapted to the new normal, are ready for growth, and their expectations are now more realistic and more sustainable long term.

"This is in stark contrast to other places such as Europe, the US and Australia, and is critical to New Zealand surviving the current international economic turmoil."

ANZ today released the findings of the Privately-Owned Business Barometer, New Zealand's most in-depth study of privately-owned businesses.

The survey provides critical insights into a key sector of the New Zealand economy. Now in its sixth year, it questioned 4870 business owners from different parts of the economy about the issues affecting them, and their views on the challenges ahead.

"To qualify the results, we held focus groups around the country. In one of those groups, a business adviser made the comment that 'no one gives business owners a pat on the back'," Mr Turley says.

"As a nation we really need to do more to acknowledge the outstanding achievements that so many business owners are making."

#### **Key points of the ANZ Privately-Owned Business Barometer 2012**

- 88% of businesses expect positive growth in the next 12 months. 96% expect positive growth in the next three years.
- 39% of businesses turning over more than \$1 million a year cited availability of staff as an area of concern.
- 64% of businesses turning over more than \$1 million a year have used an adviser. 64% of businesses turning over less than \$1 million have not used an adviser.
- 41% of businesses turning over less than \$1 million a year said balancing family and business was an area of concern.
- 31% of non-agri businesses turning over more than \$1 million a year are operating internationally, and a further 11% aspire to.
- 56% of business owners think succession is an issue, while only 9% think it's a big issue.
- 47% of businesses have family working in the business.

Overall, businesses were positive about the future, although the GFC has tempered their profit expectations compared to pre-GFC. Seven percent of business owners are expecting growth of more than 26% over the next 12 months, increasing to 14% in the three-year period, compared to 22% and 55% respectively in 2008.

Managing costs, actively engaging customers and actively managing debtors and cash flow continue to be priorities for business owners.

"Businesses feel they are in good shape," Mr Turley says. "This is great, not just for New Zealand, but because it puts our businesses in a really strong position internationally."

The survey found that red tape, the changing role of advisers, balancing family and work and finding skilled staff were significant issues facing businesses.

### Skills

Almost 40% of businesses turning over more than \$1 million a year cited availability of staff as an issue of concern.

"As business owners move to a growth footing they are seeing the availability of the right people as key to achieving their goals, now and in the longer term," Mr Turley says.

"Because people are the single biggest cost for most businesses, they also represent one of the biggest risks. Businesspeople want to take on staff, but the cost of getting it wrong can be high.

"What also came through clearly was a real social conscience. Businesspeople are aware of their role in the community and want to help those who can't find work. The question they ask is: 'Can I afford the time and risk of taking on an unknown?'"

### Red tape

The Barometer asked businesses what Government could do to help their business grow.

Making compliance, tax and regulations simpler and less time consuming were common themes across all businesses, although the pain of paperwork was felt most by smaller businesses.

"New Zealand's remoteness and limited market has created a nation of compact, agile, multi-tasking businesses where people will be working in the board room one minute, and the tea room the next," Mr Turley says.

"This is not a bad thing. Across the world, big businesses are trying to get themselves to be more like what our businesses already are. That puts our businesses ahead of the curve and in a really strong position.

"But small businesses felt that compliance and paperwork requirements, and unsuitable models of governance were expected of them by regulators and support networks. Their message was: accept our uniqueness rather than telling us how we should be."

### Role of advisers

Advisers continue to play a role in many New Zealand businesses, and owners are looking for specialist advice from a number of sources.

"In the middle of the GFC we saw businesses looking to review their structure, their processes and their core business proposition," Mr Turley says.

“Today, much of that work is done, and we’re seeing advisers used more broadly to find opportunities, provide expertise and build connections.”

Accountants remain the first point of contact for business owners seeking advice. Business owners said they were aware their accountant might not necessarily be the best source of specialist advice, but they realised their accountant was well connected and gave them access to a network.

“Given their small size and compact structures, New Zealand businesses rely heavily on advisers, banks and government for help, advice and a regulatory framework that recognises their unique needs,” Mr Turley says.

### Looking offshore

The Barometer found that a significant percentage of businesses are already operating internationally. But among these businesses, the majority still rely on the domestic market for most of their sales.

Most businesses receive less than 10% of their total sales from each international market they operate in. Most businesses are in fewer than four international markets.

However, of those who are international, most are looking to grow that share over the next three years.

“Businesses also spoke of what they saw as constraints to operating overseas. In addition to understanding local customs and regulations, they had concerns about getting paid and insufficient scale,” Mr Turley says.

“We see this first hand when businesses come to us to help them connect with overseas markets. They rely on our knowledge of new markets and strong networks to help them overcome these barriers.”

### Balancing family and work

Many small business owners – around 40% - say they find it hard to balance family life and business. This point is complicated by the fact that nearly half of these business owners have family members working in the company.

“As in previous years, succession comes through as a key concern – 56 per cent say it’s an issue for them. And nearly one in ten flagged it as a big issue,” Mr Turley says.

“This reflects a growing recognition of the need to plan early and well for a carefully managed transition towards future ownership.”

The findings of the Barometer will be shared with government, industry groups and advisors. ANZ will hold a number of discussion groups around the country, providing a chance for businesses to network and share their experiences and ideas.

For the first time, part of the survey was dedicated to the agri sector. Those findings will be presented at Fielddays later this month.

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